

1059219600058



**Office of the Minnesota Secretary of State**  
**Minnesota Public Benefit Corporation / Annual Benefit Report**  
*Minnesota Statutes, Chapter 304A*



Read the instructions before completing this form  
Must be filed by March 31  
Filing Fee: \$55 for expedited service in-person, \$35 if submitted by mail

The Annual Benefit Report covers the 12 month period ending on December 31 of the previous year.  
Notice: Failure to file this form by March 31 of this year will result in the revocation of the corporation's public benefit status without further notice from the Secretary of State, pursuant to Minnesota Statutes, Section 304A.301

1. Corporate Name: (Required) Catalyst Mental Health, SBC

2. The public benefit corporation's board of directors has reviewed and approved this report.

3. In the field below, enter the information required by section 304A.301 subd. 2 or 3 for the period covered by this report, (see instructions for further information); Note: Use additional sheets if needed. (Required)

See attached / enclosed.

4. I, the undersigned, certify that I am the chief executive officer of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

Signature of Public Benefit Corporation's Chief Executive Officer

03/27/2022

Date (Must be dated within 30 days before the report is delivered to the Secretary of State for Filing)

**Email Address for Official Notices**

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

david@catalystmentalhealth.com

Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime phone number of a person who can be contacted about this form:

David Townes

Contact Name

800-336-5973, ext. 700

Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

Does this entity own, lease, or have any financial interest in agricultural land or land capable of being farmed?  
Yes  No



# Catalyst Mental Health

Catalyst  
Mental  
Health

## **Annual Benefit Report**

**Time Period: 01/01/2021 – 12/31/2021**

**Report Date: 03/27/2021**

### **Overview:**

Catalyst Mental Health was founded in 2011 as a regular limited liability company, but effective January 1, 2019 we elected to convert to a special benefit corporation. This made Catalyst Mental Health as the very first mental health business organized as a B-Corp in the state of Minnesota.

Our mission is:

**“To develop, create, and maintain a work environment for mental health professionals that is healthy, sustainable, and professionally enriching, so that they are in turn empowered to provide the most compassionate, dynamic, and effective services possible to each of their clients.”**

### **New Initiatives in 2021:**

#### ***Expanded Clinical Training Program***

- After a successful pilot program with a single intern in 2020, we expanded our intern cohort in 2021 to four interns, in collaboration with two local universities.
- We also expanded the number of non-independently licensed clinicians practicing under supervision in our group.
- Based on the success of our expanded clinical training program, we are adding a collaboration with a third local university, adding a larger intern cohort, and taking on even more non-independently licensed clinicians in 2022.
- We aligned our clinical training program with our mission by focusing all training around the question: “What does it mean to practice mental health sustainably?”

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## *Administrative Sustainability*

- When our Executive Director acquired a severe case of COVID-19 in early 2021 and was almost hospitalized, it prompted some serious reflection on the role played by administrative personnel in our therapist-focused business mission. Catalyst Mental Health is also now large enough that we have a sizable administrative team beyond the Executive Director working hard to support our therapists, so we thought 2021 was a good year to start figuring out how to answer the question, "how do we make our administrative roles and responsibilities more sustainable?"
- The result was an internal re-organization that created new Office Manager and Clinical Director roles, designed to decentralize decision-making authority and encourage specialization in critical support functions for therapists.
- We also took several steps designed to reduce the amount of administrative labor and oversight required to support therapists, such as:
  - Converting remote-only independent contractor to employees. Over 90% of therapists at Catalyst Mental Health were already classified as employees in 2021, but we added some remote-only independent contractor positions at the start of the pandemic in an effort to be as flexible as possible in regard to the needs of both therapists and clients. However, this required us to add a separate and parallel pay structure, which proved burdensome to maintain. We consequently decided to offer such therapists remote-only employee positions instead for the start of 2022.
  - Removal of performance reviews for therapists. The original pay system that we devised when Catalyst Mental Health converted to a B-Corp in 2019 set therapist salaries based on performance forecasts that were in turn modeled on performance targets that therapists set for themselves. This system was popular but burdensome to maintain because quarterly performance reviews were required to ensure each individual therapist's performance remained within a reasonable margin of error of their individually selected targets. A new compensation system was consequently designed and implemented, based on surveyed therapist feedback, which eliminates performance reviews by applying a salary plus commission approach that indexes therapist pay package values to a 6 month moving average of collections instead.



# Catalyst Mental Health

Catalyst  
Mental  
Health

## *Commitment to Sustainable Growth*

- With the demand for mental health services sky-rocketing as a result of the pandemic, we felt it would be a responsible time to add more services, so we followed through on our plan to invest in building new offices at our Uptown site and doubling the size of our Bloomington site by moving to a new suite of offices in the same building.
- We consciously resisted opportunities to grow too fast. Catalyst Mental Health received six separate offers from private equity and/or venture capital groups interested in either a merger or an acquisition in 2021, but we declined all debt and equity-based financing and re-committed ourselves to growing slowly and organically.
- When another local mental health group made a decision to launch a franchise model to expand nationally, we debated the merits of such an organizational structure and rejected it. We think that our current sweat-equity based growth model will do a better job of empowering therapists—rather than private investors—to achieve business ownership and maintain control of business operations, which we think is critical to our business mission. There may indeed be a small group of therapists who also have enough private capital of their own to function as investors in a franchise model, but we would rather not make prior personal wealth into a qualifying factor for business ownership. Instead, we want to promote people into positions of ownership and leadership based on hard-work, dedication, talent, and skill.

## **Key Performance Metrics for 2021**

We did not conduct a survey to assess employee opinion of our performance on key metrics for 2021. We made several big changes at the start of 2022 based on survey feedback from July of 2021, and we do not believe that enough time has passed yet to assess the impact of those changes. We are also currently in the process of adding many new therapists to our group, and the practice experience of existing therapists is in flux as many of them begin transitioning back to in-person work after several years of pandemic-related remote work. We consequently think it will make more sense to wait and survey our group in early 2023 instead, then plan future changes based on that feedback.

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Catalyst  
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## Future Initiatives

We plan to spend 2022 integrating new therapists into the Catalyst Mental Health community, refining our clinical training program as it expands, consolidating our new streamlined administrative structure, and considering our growth options for 2023 and beyond.

We have a therapist who has expressed interest in opening a new location in St. Paul in the near future, and a current employee moving to Florida in late 2022 who aspires to open a Catalyst location there at some point in the next few years. We also have a therapist who has expressed an interest in opening a location in Duluth several years down the road. If and when we have the resources available to support such plans and continue growing in a sustainable manner, we certainly will.

David Townes, LICSW, MBA  
Executive Director

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STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
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*Steve Simon*

Steve Simon  
Secretary of State